

## Session Edition IV, 2004

February 12, 2004

Published by the Research Division of the Tennessee House of Representatives

House Committee Activity: February 10 - 11, 2004

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*A leadership team representing members of the University of Tennessee presidential search effort appeared before the House Education Committee on Wednesday to update members on the search process. Jim Murphy (at left), Chair of the Search Advisory Council, responds to questions following a presentation by Andrea Loughry (at right), Chair of the Search Committee. Also shown is Dr. Margaret Perry, Executive Director of the Search Committee. The panel also included Dr. Katherine Greenberg, faculty representative and Gary Daugherty, senior V.P. of the search firm Baker-Parker, Inc.*

## In This Week's Review:

### House Committee Activity

And

### Summaries of Budget Hearings

Budget Overview • Comptroller • Personnel • General Services

## **Agriculture**

*Matt Barnes*

### **Full Committee**

The **Agriculture Committee** met Tuesday, February 10, with three bills on calendar. **HB 2593** (Clem), which reduces the certificate fee from \$200 to \$100 for nurseries that are less than one acre in size and have less than \$30,000 in annual gross sales, was rolled until the committee's last calendar. **HB 2162** (McDaniel), which deletes unfair sales and trade practice requirements concerning frozen desserts, was passed to Calendar and Rules. Rep. McDaniel pointed out a local group in his district wanted to give ice cream to a group of students but discovered it could not because of the frozen dessert law. He further pointed out the bill addresses frozen desserts only and not milk.

**HJR 774** (Brooks, Henri) was rolled for one week at the sponsor's request. The resolution expresses the General Assembly's support for the Black Farmers and Agriculturalists Association (BFAA) in its efforts to remedy past discriminatory practices against black farmers by the U.S. Department of Agriculture (USDA). Rep. Brooks cited problems with the Consent Decree entered into to settle a class action suit brought on behalf of black farmers. She plans to bring an expert to the committee next week to speak to the issue. Also, since Louis Buck of the Tennessee Farm Service Agency of the USDA was present at the committee to speak on the agency's accomplishments last year, Rep. Dunn requested Mr. Buck's presence when HJR 774 is heard so he can speak on behalf of the USDA. Mr. Buck said he would honor such a request.

The **Agriculture Subcommittee** did not meet.

## **Children & Family Affairs**

*Shannon Romain*

Neither the **Children and Family Affairs Full Committee** nor the **Family Justice Subcommittee** met this week as there were no bills on the calendar. **HB 1002** (Rep. Clem), the only bill on the Family Justice Subcommittee calendar, was taken off notice. The **Domestic Relations Subcommittee** met on Wednesday afternoon with one bill on the calendar. **HB 2572** (Rep. Hackworth) was deferred two weeks. Currently, the bill would require employers who are subject to child

support income assignments to notify the Department of Human Services if the employer files for bankruptcy or ceases to operate as a business. It also prohibits the interruption of child support payments under such circumstances. The bill was deferred at the request of several members to consider possible amendments.

## **Commerce**

*Matt Barnes*

### **Full Committee**

The **Commerce Committee** met Tuesday, February 10, with one resolution on calendar. **SJR 699** (Brown) comes as a result of action the federal Office of the Comptroller of the Currency (OCC) took in preempting any state law regulating federal banks. With two amendments, the resolution passed the Senate with unanimous approval. The first amendment removes the accusation that the federal government acted with premeditation in passing the rule. The second amendment more clearly defines operating subsidiaries of national banks and specifically asks the U.S. Congress to intervene with the OCC to define carefully the parameters of preemption as it relates to predatory lending. The committee adopted both amendments and passed SJR 699 to Calendar and Rules.

The committee went into recess to hear from Commissioner Kevin Lavender, Department of Financial Institutions, and Tim Amos of the Tennessee Bankers Association. Commissioner Lavender said the administration had been working since last year on a comprehensive piece of legislation to deal with predatory lending, a piece of legislation the OCC rule would preempt. He said the administration still planned to bring legislation to address predatory lending and planned to add examiners to enforce the issue.

Mr. Amos stated the Tennessee Bankers Association does not object to the resolution, but he stressed the General Assembly needs to address specifically the issue of predatory lending. According to Mr. Amos, although the OCC rule is not about predatory lending, the measure was brought about by the practice because of 22 states' passing erroneous predatory lending laws. He argued federal banks are not the perpetrators of predatory lending. Commissioner Lavender disagreed that the various laws the 22 states passed are erroneous, and he pointed to operating subsidiaries of federal banks to

say that federal banks are indeed part of the problem.

The committee then addressed Multiple Employer Welfare Arrangements (MEWA), a system allowing business coalitions and trade associations to pool their liability as it relates to health insurance. Meredith Sullivan, legislative liaison for the Department of Commerce and Insurance (Department), introduced John Morris, Chief Counsel for Insurance for the Department. Mr. Morris said the Department focused on financial solvency when promulgating the MEWA rules, ensuring the regulations are actuarially driven. Basically, he said the rules allow employers to self-insure and pool their liability, making all employers in the plan jointly and severally liable. The employers would still be subject to premium tax and mandates. The Attorney General's office is now reviewing the rules.

An employer waiting on the rules is Jerry Burgess, president and CEO of Healthcare 21, a Knoxville-based business coalition made up of 100 companies in Knoxville, Chattanooga and the Middle Tennessee area. Lobbyist Martha Gentry introduced Mr. Burgess, who said his coalition is a non-profit, mission-focused group determined to help solve some of the problems associated with small group health insurance. He claimed the problem is not as simple as costs increasing. He said costs are a problem but that a quality crisis also exists. He called for transparency so consumers could easily see information related to quality. Like car insurance, whereby safe drivers pay less, Mr. Burgess said putting the consumer back into healthcare could lower costs. He stated 75 percent of the 40 million uninsured in the U.S. have jobs but that small businesses simply cannot afford the insurance.

### **Industrial Impact Subcommittee**

The **Industrial Impact Subcommittee** met Tuesday, February 10, and sent three bills to full committee. **HB 2519** (Turner, M.) involves the Commission on Firefighting Personnel Standards and Education, a nine-member board whose duties involve training and certification. The bill raises per diem payments from \$50 to \$100, removing the \$300-per-year cap on commission members who assist local units or attend meetings. An amendment to the bill specifies that the per diem and travel allowance is subject to funding available within the Commission's budget. **HB 2520** (Turner, M.) changes terminology and contains housekeeping measures relative to the Commission. **HB 2186** (McKee) amends the Code regarding nonforfeiture requirements for individual deferred annuities. Presently, there is a fixed statutory rate of

interest. The bill creates a formula or an index plan for establishing minimum nonforfeiture amounts on any paid-up annuity, cash surrender or death benefit under an annuity contract. According to a spokesman appearing before the committee, this is a model act from national insurance executives.

### **Small Business Subcommittee**

The **Small Business Subcommittee** met on Wednesday, February 11, to consider three bills. **HB 2275** (Brooks, Harry), which allows correctional officers who have completed basic correctional training programs to be issued "unarmed security guard/officer" registration cards without completing additional training, was rolled one week. **HB 2364** (Bowers), which requires that contractor financial statements of over \$2 million be prepared by licensed accountants in order for contractor licenses to be renewed, was rolled for two weeks. **HB 2597** (Curtiss) requires surveyors to search the land records on the land to be surveyed, as well as the adjoining land, and compare such records to the actual field survey, noting any inconsistencies to ensure the boundaries are true. The bill passed to full committee, where the sponsor plans to bring an amendment that, to prevent confusion, would remove the requirement for surveyors to note inconsistencies on the plat. The amendment will also require surveyors to check only privileged information on land records, as some landowners and others may have land records stored away in trunks.

### **Utilities and Banking Subcommittee**

The **Utilities and Banking Subcommittee** met on Tuesday, February 10, to consider two bills by Rep. Mike Turner regarding the "Do Not Call" law and firefighters. **HB 2165** was taken off notice at the sponsor's request, and **HB 2517** was rolled for one week.

## **Conservation & Environment**

*Greg E. Adkins*

### **Full Committee**

The **full Environment Committee** met on Tuesday, February 10, 2004. The committee listened to Mr. John Wund from Save Our Cumberland Mountains (SOCM) about the regulation of the timber industry. The

presentation had a special focus on the Tennessee forest impact from chip mill facilities.

### **Environment Subcommittee**

The **Environment Subcommittee** met on Tuesday, February 10, 2004, and rolled two bills. **HB 2584** by Rep. McDonald was rolled one week. The bill authorizes the Commissioner of TDEC to deny a wastewater treatment discharge permit if a more economically feasible alternative is available. **HB 222** by Rep. Turner (Davidson) prohibits clear cutting within fifty feet of the right of way on public roads.

### **Parks Subcommittee**

The **Parks Subcommittee** met on Wednesday, February 11, 2004, and considered one bill. **HB 2620** by Rep. McDonald passed to full committee; the bill would allow all commissioned employees of TDEC to retire by the age of sixty instead of sixty-two.

### **Wildlife Subcommittee**

The **Wildlife Subcommittee** met on Tuesday, February 10, 2004, and considered one bill. **HB 2206** by Rep. Matheny passed to full committee. The bill increases the criminal penalty for hunting on or across a public road from a class C misdemeanor (not greater than thirty days in jail or a fine not to exceed \$50 or both) to a class A misdemeanor (not greater than eleven months and twenty-nine days in jail or a fine not to exceed \$2,500 or both).

## **Consumer & Employee Affairs**

*Shannon Romain*

The **Consumer and Employee Affairs Full Committee** and the **Employees Affairs Subcommittee** met this week. The **Consumer Affairs Subcommittee** did not meet, as there were no bills on the calendar. In the full committee, **HB 1941** (Rep. Newton), a workers compensation bill, was deferred one week. Members discussed several possible amendments to the bill, however, none were adopted during the meeting. Following the calendar, the committee heard testimony from Paula Flowers, Commissioner, Department of Commerce and Insurance, on the status of the department.

In the **Employee Affairs Subcommittee**, **HB 0015** (Rep. Mike Turner) was deferred on week. The bill seeks to prohibit employers from charging a fee to cash employees' paychecks that were issued by the employer. **HB 0017**, also by Rep Mike Turner, was taken off notice.

## **Education**

*Pam Mason*

### **The Full Committee**

At its February 11 meeting the committee acted on one item of legislation and heard presentations from THEC and the University of Tennessee Presidential Search Committee.

Referred to Calendar and Rules:

**HB 2161** - (McDaniel) provides for LEAs to include contact information on child advocacy groups in student handbooks. It is hoped this will assist parents in resolving problems with the school systems.

Tom Ballard introduced the University of Tennessee Presidential Search Committee. They reported on the process that is being used and the time line they are following in this selection. This information can be found on the University's web site.

Dr. Rich Rhoda of THEC next introduced Drs. Will Burns and Brian Noland for the following reports:

Dr. Will Burns reported on the code of ethics developed by each entity in the higher education system. He presented copies of these codes to the members.

Dr. Brian Noland next reported on the lottery scholarship as related to grading criteria. For the purpose of receiving scholarship dollars, all hours taken and/or attempted are counted



*Drs. Burns, Rhoda & Noland*

in the grade point average. If lottery dollars have paid for the course, all grades for a course are counted.

### **K-12 Subcommittee**

There were five bills on the Subcommittee calendar this week.

Referred to Full Committee:

**HB 2934** - (Rinks) Clarifies that school boards can extend contract of director of schools only if prior notice is given and it is a specific item on the meeting agenda.

Deferred 1 week:

**HB 2262** - Cooper

**HB 2652** - Cooper

Deferred 2 weeks:

**HB 252** - Stanley

**HB 2422** - Kernell

### **Higher Ed Subcommittee**

There was one item on the calendar. Request was made to defer for one week. The Committee did not meet.

Deferred 1 week:

**HB 2437** - Litz

## **Finance, Ways & Means**

*Julie Travis*

### **The Full Committee**

**Tuesday, February 10, 2004**

The full committee met to discuss a resolution and a bill on calendar this week. Both bills were referred to Calendar and Rules.

**HJR 787** (by Rep. Hackworth) urges Congress to adjust pensions for Oak Ridge retirees in order to: (1) provide for fair, equitable, and competitive retirement benefits for Oak Ridge contract employees; (2) insure pension funds are only used for retirees' benefits; and (3) provide that cost of living adjustments be taken twice a year to maintain a pension purchasing power of about 75% of initial value.

**HB 1479** (by Rep. Fitzhugh), as amended in Conservation and Environment, allows the Tennessee Wildlife Resources Commission to adjust or establish fees for hunting, fishing, and trapping permits, licenses, or permit/license packages after the initial fee adjustment. The adjustment amount for the fees would be the difference in the average consumer price index between the dates of one adjustment and any subsequent adjustment, and shall not exceed the percent of increase in the average consumer price index.

The committee also continued with Budget Hearings, reviewing the budgets from the Department of Financial Institutions and the Office of the Attorney General and Reporter, whose budget hearing summaries will be included in the February 19th edition of *The Research Review*.

### **Budget Subcommittee**

**Wednesday, February 11, 2004**

The Budget Subcommittee met to discuss seven bills on calendar this week.

**HB 1049** (Rep. McCord) was rolled to the last calendar.

The following bills were rolled two weeks:

**HB 64** (Rep. Overbey)

**HB 253** (Rep. Stanley)

**HB 757** (Rep. Hargrove)

**HB 554** (Rep. Armstrong)

**HB 2228** (Rep. Dunn)

**HB 2419** (Rep. Kernell)

## **Government Operations**

*Kristina Ryan*

The Government Operations Committee met at 10:30 on Tuesday to consider fifteen bills. **HB 2507** by Clem, which would abolish the Advisory Council on Workers' Compensation, was discussed before it was rolled for four weeks. **HB 2864** by Miller was rolled for one week, **HB 973** by Bowers was rolled for three weeks and **HB1204** by DuBois was rolled for two weeks.

The committee referred **HB 2781** by Todd to the Judiciary Committee. This bill would allow the Private Probation Services Council to levy fees in order to provide a source of funding for the operation of the Council. In addition, this legislation also enables the

Council to assess civil penalties for violations of rules or orders enforceable by the Council.

**HB 2479** by Bowers was referred to the Children and Family Affairs Committee. This legislation would create a seven member independent committee appointed by the Governor to oversee cases which involve a case worker's mishandling of a case or where a child has died in state custody. An amendment was put on the bill that would add a sunset provision to the entity.

#### **Sunset Extensions**

**HB 2453** (Kernell) - Southern Regional Education Compact, June 30, 2010

**HB 2467** (Kernell) - Advisory Board for Rehabilitation Centers, June 30, 2010

**HB 2470** (Kernell) - Advisory Council for the Education of Students with Disabilities, June 30, 2008

**HB 2475** (Kernell) - Goodwyn Institute Commission, June 30, 2006

**HB 2482** (Kernell) - Public Livestock Market Board, June 30, 2010

**HB 2485** (Kernell) - Interstate Compact on Mental Health, June 30, 2010

**HB 2487** (Kernell) - Advisory Council on Teacher Education and Certification, June 30, 2008

**HB 2490** (Kernell) - Baccalaureate Education System Trust Fund, Board of Trustees, June 30, 2008

Chairman Kernell and the committee then spent the remainder of the time discussing **HB 3250** by Tindell, the Tennessee Charitable Gaming Implementation Law. In a nutshell, this bill would outline the procedure for 501(c) 3 organizations to hold one game of chance per fiscal year. The organization must be in existence for at least five years and bingo and casino gambling are excluded. This legislation establishes the rules and regulations for 501(c)3 organizations to abide by in addition to defining the criminal penalties for violation of this law. Under this bill, the Secretary of State and the Claims Commission would have the responsibility of creating the rules and regulations as well as overseeing the successful implementation of the charitable gaming laws. The bill would also establish the Charitable Gaming Oversight Committee, which would be made up of six members, three members appointed by each speaker to periodically review the operation of the charitable gaming laws.

Doug Himes, Attorney with the Office of Legal Services, gave an in-depth overview of the legislation. During the review, some members of the committee wanted to offer amendments. However, the committee ran out of time

and scheduled to reconvene the meeting after the Calendar and Rules committee on Thursday (Feb. 12th).

## **Health & Human Resources**

*Judy Narramore*

### **Full Committee**

The **Health & Human Resources Committee** met at noon on Tuesday, February 10 and considered one bill. **HB 2232** by Rep. Bowers concerning qualifications for surgical technologists was referred to C&R. As amended, this bill establishes educational and training qualifications for surgical technologists and requires licensed health care facilities to employ only qualified persons, effective July 1, 2006. Persons already in training or employed as surgical technologists for at least 18 months prior to enactment of this legislation would be grandfathered. There is also a provision in the bill that allows the Director of Health Care Facilities to grant a temporary waiver to facilities unable to employ a sufficient number of qualified persons.

The committee then heard from Commissioner Gina Lodge, Department of Human Services. Commissioner Lodge gave a brief overview of the department, touching on the following programs: vocational rehabilitation, adult protective services, food stamps, child support, families first, and daycare. Noting that Tennessee's Families First waiver expires in 2007, Commissioner Lodge announced that Governor Bredesen plans to form a *Families First Task Force* that will take one year to study best program practices in Tennessee and other states and make recommendations to the next General Assembly.

### **Mental Health Subcommittee**

The **Mental Health Subcommittee** held its first meeting of the 2004 session on Tuesday afternoon, February 10 with five bills on calendar. **HB 0791** by Rep. Buttry, **HB 1702** by Rep. Odom, **HB 1751** by Rep. Maddox, and **HB 1900** by Rep. McCord, all from the last subcommittee calendar of 2003, were rolled to the March 2 meeting. **HB 2872** by Rep. Shepard concerning anatomical gifts was referred to full committee. This bill makes two changes to the Uniform Anatomical Gift Act. A *document of gift* for organ donation is defined to include a card, a will, or a statement on a driver license. The list of persons authorized to make an anatomical gift

decision for a decedent is expanded to include persons with a durable power of attorney for health care for the decedent and adults who have shown a special concern for the decedent and who are familiar with the decedent's values.

### **Professional Occupations Subcommittee**

Wednesday morning, February 11 the **Professional Occupations Subcommittee** met to consider two bills. **HB 2241** by Rep. Armstrong concerning reflexologists was referred to full committee. As amended, the only certification accepted when registering as a reflexologist would be the completion of a 200-hour reflexology course offered by an institution approved by THEC or its equivalent in other states. Also, an applicant with a felony conviction would not be barred from registering if the conviction occurred more than 10 years before the person applies. Rep. Davis rolled **HB 2582** concerning podiatry three weeks.

### **Public Health & Family Assistance Subcommittee**

The **Public Health & Family Assistance Subcommittee** held its first meeting of the 2004 session on Wednesday morning, February 11 with four bills on notice. **HB 2336** by Rep. Bowers that extends the *Obesity Study and Prevention Act* from 2004 to 2008 was referred to full committee. The Act (Public Chapter 658 of 2002) directs the Department of Health to study obesity and evaluate treatment methods. The research study is subject to funding from gifts, grants, and donations and is to receive no state funds. The Act is scheduled to terminate June 30, 2004, because private funds are not available to conduct the study. **HB 1107** by Rep. Kent that deletes the current exemption for Shelby County from the requirement that a birthing institution, which receives a voluntary acknowledgement of paternity, must forward a copy of such acknowledgement to the local Title IV-D child support office where the mother resides if the mother is receiving temporary public assistance was referred to full committee. The remaining bills on calendar, **HB 2443** by Rep. Litz (childcare ratios) and **HB 2810** by Rep. Cooper (TennCare eligibility redetermination), were rolled one week by the respective sponsors.

### **Health Care Facilities Subcommittee**

The **Health Care Facilities Subcommittee** met at noon on Wednesday, February 11 to hear two presentations. Bill Harmon, Facility Construction Director with the Department of Health, and Wayne Waggoner, Southern Regional Manager for the National Fire Sprinkler

Association, testified before the subcommittee concerning sprinklers in long term care facilities. Chairman Overbey announced that the subcommittee will begin hearing all fire safety related bills next week.

The fire safety related bill on notice today (**HB 2585** by Rep. Hagood) was rolled to next week's calendar.

## **Judiciary**

*Paige Edwards*

### **Criminal Procedure & Practice**

On Tuesday, the **Criminal Procedure & Practice Subcommittee** met to consider 11 bills. **HB 2583** by Representative Davis was referred to the joint ad hoc committee on alcohol and public responsibility. Representative McDonald rolled **HB 2326** and **HB 2197** for one week. Also, **HB 2813** by Representative Coleman was rolled for one week. **HB 2651** and **HB 2504**, both of which are sponsored by Representative Brooks (Shelby), were taken off notice. **HB 2545** by Representative Overbey, **HB 2263** by Representative Cooper, **HB 2653** by Representative Cooper, and **HB 2264** by Representative Cooper were referred to the Judicial Council for review.

**HJR 773** by Representative Brooks (Shelby) was referred to the Judiciary Committee. **HJR 773** creates a joint study committee to examine issues related to pretrial release programs. The joint study committee would study issues including the accountability of pretrial release programs, the need for uniform standards and guidelines concerning eligibility, the revenue generated by pretrial release programs, the distribution of the revenue collected, and any other related public safety issues. The joint study committee is charged with reporting findings and recommendations, including any proposed legislation, to the 104th General Assembly no later than February 1, 2005.

### **Constitutional Protections Subcommittee**

On Tuesday, the **Constitutional Protections Subcommittee** met to consider five bills. **HB 2780** by Representative Todd and **HB 1622** by Representative West were rolled for two weeks. **HB 2211** by Representative Newton was referred to the Lottery Oversight Committee. **HB 2701** by Representative

Ferguson was referred to the joint ad hoc committee on alcohol and public responsibility.

HB 2207 by Representative Brooks (Knox) was referred to the Judiciary Committee. HB 2207 revises the present law concerning confidential student records under the public records act. Under this bill, post-secondary institutions are authorized to disclose student information, subject to the federal Family Educational Rights and Privacy Act (FERPA). The provisions of this bill would only apply to disciplinary actions in which the final results or final determinations were reached on or after October 7, 1998.

### **Judicial Administration Subcommittee**

On Tuesday, the **Judicial Administration Subcommittee** met to consider eight bills. HB 2170 by Representative Turner (Davidson) and HB 2439 by Representative Litz were rolled for two weeks. HB 2199 by Representative Sontany was rolled for one week. The following five bills were referred to the full committee:

- HB 2277 by Representative Coleman authorizes another use of revenue collected from expungement fees. Under this bill, such proceeds would be used for computer system support and maintenance expenses incurred by the information systems division of the TBI.
- HB 2290 by Representative Coleman revises the present law related to background investigations for executive or judicial appointees. This bill authorizes the governor or the chief justice of the Tennessee Supreme Court to request a background investigation for any prospective appointee. The background investigation would be conducted by the TBI. This bill specifies that appointees, who are considered for homeland security positions, would be subject to the background investigation. The prospective appointee would pay the cost associated with the background investigation.
- HB 2366 by Representative Bowers designates a general sessions court in Shelby County as the mental health court. This court would have the power to hear cases involving petitions filed under the mental health law and mental commitments.
- HB 2906 by Representative Hackworth, as amended, concerns juror compensation. This bill requires a juror to document the time spent on jury duty. Such documentation would be made available to the employer.
- HB 2935 by Representative Rinks addresses the issue of speed traps. Under this bill, a municipality would be presumed to abuse its police power under

certain circumstances. An abuse of police power would occur if the amount of revenue produced by fines and costs arising from traffic citations issued by a municipality exceeds 30% of the municipality's total expenditures for the preceding fiscal year. Also, an abuse of police power would occur if more than 50% of all traffic citations issued by a municipality during a fiscal year are written for speed limit violations that are ten miles per hour or less than the posted limit. The TBI would investigate the municipality and forward its finding to the district attorney. If the district attorney finds an abuse of police power, sanctions would be imposed upon the municipality.

### **The Full Committee**

On Wednesday, the full **Judiciary Committee** met to consider nine bills. **HB 605** by Representative John DeBerry was referred to the joint ad hoc committee on alcohol and public responsibility. HB 866 by Representative Brooks (Shelby) was taken off notice.

The committee heard testimony from Mr. Don Paine regarding amendments to the rules of practice and procedure. The committee referred all four resolutions containing these amendments to Calendar & Rules. **HR 233** amends the Tennessee rules of civil procedure, **HR 236** amends the Tennessee rules of criminal procedure, **HR 234** amends the Tennessee rules of appellate procedure, and **HR 235** amends the Tennessee rules of evidence. Chairman Fowlkes sponsors these resolutions.

Also, the committee referred **HB 2202** by Representative Coleman to Calendar & Rules. HB 2202 amends the present law related to handgun carry permits. Individuals, who are in or enter into the United States armed forces, would maintain valid handgun carry permits so long as their service continues and they are stationed outside of Tennessee. The handgun carry permits would remain effective for 60 days after these individuals return to Tennessee for honorable discharge, separation from service, or return upon reassignment. Also, this bill provides a six-month grace period for these individuals to renew their handgun carry permits after they return to Tennessee.

The committee referred **HB 779** and **HB 1275** to Finance, Ways, & Means. HB 779 by Representative Patton increases the fines for certain offenses that are earmarked for the traumatic brain injury fund. Fines for speeding offenses are increased from \$2.00 to \$5.00. Fines for reckless driving offenses are increased from



\$25.00 to \$30.00. Fines for driving on a cancelled, suspended, or revoked license and for DUI are increased from \$10.00 to \$15.00.

During the interim, the House Judiciary Summer Study Committee approved **HB 1275** by Representative Patton for passage. This bill redefines custodial interference. Custodial interference would include the removal or detainment of a child from a mother's custody without consent when the mother has automatic custody. The provisions of this bill refer to children born out of wedlock.

### **Civil Procedure & Practice Subcommittee**

The **Civil Procedure & Practice Subcommittee** was cancelled this week. HB 821 by Representative Overbey was rolled for four weeks.

## **State & Local Government**

*Lawrence Hall, Jr.*

### **The Full Committee**

This week in the **State and Local Government full committee**, **HB 2705**, by Rep. Ferguson, was passed to the Calendar and Rules Committee. This bill grants to the Tennessee Constable Commission the same authority as the Tennessee Constable Association. The committee also passed **HB 2402**, by Rep. Mumpower to Calendar and Rules. This bill reinstates the office of Constable and grants law enforcement powers to the Constable in Johnson County.

**HB 2386**, by Rep. Curtiss moved to Calendar and Rules. It increases the maximum employee suggestion award from \$6,000 to \$10,000. Also moving to Calendar and Rules was **HB 844** by Rep. McCord. This bill allows municipalities to adjust and settle with taxpayers' claims for refunds of municipal taxes in the same manner that counties are allowed to perform this function. Municipal officials will be responsible for performing the duties of adjusting and settling any claims.

### **State Government Subcommittee**

**State Government** Subcommittee passed HB 2334, by Rep. Bowers to full committee. This bill creates a provision that will require an entity to only employ U.S.

citizens when under a performance of services contract with the State of Tennessee. HB 2720, by Rep. Bone, as amended, will allow the Governor to delegate the authority to TEMA to declare a state of emergency in order to activate the emergency relief effort portion of the hours of service federal regulations. This bill was passed to full committee.

### **Local Government Subcommittee**

**Local Government** Subcommittee sent three bills to the full committee. HB 2352, by Rep. Overbey eliminates the 30 day time period as a prisoner of war in order to qualify as a disabled veteran for property tax relief. HB 2927, by Rep. Rinks also changes the requirements for a prisoner of war to be designated as a disabled veteran for property tax relief. This bill reduces the number of days from 30 to 20 days. HB 2213, by Rep. Wood was sent to full committee. This bill allows a person to vote in a municipal election in Collegedale if such person owns at least 50% fee simple interest in property in Collegedale.

### **Elections Subcommittee**

**Elections** Subcommittee heard one bill this week. HB 2529, by Rep. Sharp was withdrawn. This bill allows for financial disclosure statements to be filed by facsimile.

## **Transportation**

*Greg E. Adkins*

### **Full Committee**

The **full Transportation Committee** met on Wednesday, February 11, 2004, and considered eight bills.

The following special license plate bills passed to FW&M:

1. **HB 2596** by Rep. Curtiss--"Handicapped Veteran" special license plate. (Handicapped is defined as 10%-90% disabled for the purpose of this bill)
2. **HB 2342** by Rep. Ferguson--"Shriners" special license plate.

The following highway sign bills passed to FW&M:

1. **HJR 625** by Rep. DuBois--"Purple Heart Highway" sign on a portion of U.S. Highway 43 in Maury County.

2. **HB 2214** by Rep. DuBois--"Admiral Fran McKee Memorial Bridge" sign on the Duck River along U.S. Highway 43 in Maury County.
3. **HB 2187** by Rep. McKee--"Arvil Armstrong Memorial Bridge" sign on U.S. Highway 411 in McMinn County.
4. **HB 2256** by Rep. Curtiss--"Veterans Memorial Highway" sign on U.S. Highway 70 in White County.

**HB 2596** by Rep. Winningham was rolled one week--"Big South Fork Parkway" sign on S.R. 63 in Scott and Campbell Counties. **HB 2805** by Rep. Hagood was rolled one week. The bill would require cultural and specialty earmarked license plates to be issued administratively by the Department of Safety, instead of by specific legislative enactment. The plates cannot be issued if the Commissioner determines they are obscene, duplicative, or interfere with motor vehicle enforcement.

#### **Public Safety & Rural Roads Subcommittee**

The **Public Safety & Rural Roads Subcommittee** met on Tuesday, February 10, 2004, and considered five bills. **HB 2329** by Rep. Brooks (Shelby) did not advance due to lack of a second. The bill would have prohibited the use of a cell phone while driving if the driver had a learner permit, intermediate license, or restricted license. Violation of the new act would have been a class C misdemeanor punishable by a \$50 fine only. **HB 453** by Rep. Kent passed to full committee as amended. The amended bill clarifies that if a traffic signal is not functioning at an intersection, oncoming traffic must treat the signal as if it were a stop sign. **HB 2184** by Rep. Dunn (regulates dogs in the back of a pick up) and **HB 2654** by Rep. Cooper (prohibits interest from accumulating on drivers license fees while a person is in jail) were rolled one week. **HB 2181** by Rep. Dunn (Hydens law--drivers license suspension for a persons 21 years or younger, if 8 points are accumulated on a driving record) was rolled two weeks.

#### **Public Transportation & Highways Subcommittee**

The **Public Transportation & Highways Subcommittee** was canceled and all of the bills were rolled to next week's calendar.

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### ***Reminder of Budget Hearings February 12th, 17th, 18th, 19th***

#### **ALL MEETINGS IN ROOM 16**

#### **THURSDAY, FEBRUARY 12<sup>TH</sup>, 11:00 a.m. or after session**

Correction  
Probation & Parole

#### **TUESDAY, FEBRUARY 17<sup>TH</sup>, 1:30 p.m.**

Veteran Affairs  
Revenue

#### **WEDNESDAY, FEBRUARY 18<sup>TH</sup>, 1:30 p.m.**

Safety  
Tennessee Bureau of Investigation  
Military  
Homeland Security

#### **THURSDAY, FEBRUARY 19<sup>TH</sup>, 11:00 a.m. or after session**

Administrative Office of the Courts  
Post Conviction Defenders  
District Attorneys General  
Public Defenders

# ***Budget Hearings 2004***



## **Budget Overview**

*Denise Sims*

*House Research Division*

On Wednesday, February 4th, Dave Goetz, Commissioner of Finance and Administration, began this year's budget hearings with an overview of the Governor's 2004-2005 budget proposal.

Commissioner Goetz began by pointing out that although the state's economic situation is improving, with revenues up 6% over last year, with a projected 5% growth in sales tax, and with job loss leveling out, reserves still remain low, the pension fund suffers, and one-time essential services money from the federal government runs out in the next fiscal year. The Commissioner's bottom line evaluation was: "Out of intensive care, but still in guarded condition."

As presented, the total recommended budget for FY 2004-05:

Total State Appropriations . . . . .	\$ 10.7 <u>b</u> illion
Total Federal Funds . . . . .	9.1 <u>b</u> illion
Other . . (interdepartmental revenues, student tuition and fees, bonds for capital outlay)	4.0 <u>b</u> illion
<b>TOTAL . . . . .</b>	<b>\$ 23.845 <u>b</u>illion</b>

## **Comparison:**

	<b>Estimated</b>	<b>Recommended</b>
	<b>FY 2003-04</b>	<b>FY 2004-05</b>
State	\$ 9,924,479,700	\$ 10,655,106,900
Federal	8,695,386,900	9,139,046,400
Other	3,580,699,100	4,050,928,800
<b>TOTAL</b>	<b>\$22,200,565,700</b>	<b>\$ 23,845,082,100</b>

(continued)

**Comparison, continued:  
(Breakdown by Fund)**

	<b>Estimated FY 2003-04</b>	<b>Recommended FY 2004-05</b>
General Fund	\$ 19,712,773,000	\$ 20,793,675,100
Transportation	1,443,590,000	1,611,443,000
Debt Service	228,163,000	246,782,000
Capital Outlay	70,232,000	391,640,000
Facilities Revolving Fund	99,607,700	136,240,000
City/Cnty - State Shared Taxes	646,200,000	665,300,000
<b>TOTAL</b>	<b>\$ 22,200,565,700</b>	<b>\$ 23,845,082,100</b>

There is a \$1.6 billion dollar increase in the budget (\$1,644,516,400 being the difference in the Recommended FY 04-05 budget and the Estimated 03-04 budget), resulting from an almost \$1.1 billion increase in TennCare and other new investments in the areas of general government, education, law, safety, corrections etc. The budget does reflect \$374 million (program dollars) in TennCare cuts that will largely come from pharmacy reform, the specifics of which will be announced when the Governor presents his reforms next week. Even with the cuts however, the almost \$1.1 billion increase in TennCare, due to enrollment growth, medical inflation, the costs of fraud, abuse and appeals units, and other costs takes a lion's share of the budget's overall growth.

Last year, the budget reflected a 9% reduction in discretionary base appropriations, which affected the legislative and executive branch, the highway fund, higher education, state-shared taxes and state programs. In this budget, the reduction averages 3.7%. According to this proposed budget, only the K-12 B.E.P., a limited number of Constitutional and statutory appropriation requirements, and programs funded from dedicated revenue sources were excluded from discretionary base reductions.

**Improvements**

The budget proposal for FY 2004-05 includes improvements in teacher salary equalization, the *Teach Tennessee* program, the *Governor's Schools*, Imagination Library and other educational initiatives. Other improvements affect Economic Development's job training and infrastructure improvements, child advocacy centers and assistance grants and child care assistance under TANF. There are a number of improvements listed; the budget document has details on each.

Anticipating the Governor's plans for TennCare, members await word on additional measures that affect the 2004-05 budget proposal. ##



## Comptroller of the Treasury

Denise Sims

House Research Division

Comptroller John Morgan summarized the 2004-05 continuation budget for his department during the February 4th budget hearings.

The continuation budget is as follows:

	'03-'04 (Est)	'04-'05 (Rec)	Change
<b><u>Expenditures (Operating Codes)</u></b>			
Funding Source:			
State Appropriation	\$35,774,400	\$35,760,500	-0.04%
Current Services	3,373,500	3,346,600	-0.80%
Inter-Departmental	6,357,400	6,339,100	-0.29%
Surplus & Reserves	100,000	100,000	-0.00%
<b>Subtotal</b>	<b>\$45,605,300</b>	<b>45,546,200</b>	<b>-0.13%</b>
<b><u>Expenditures (Tax Relief)</u></b>			
Funding Source:			
State Appropriation	\$10,000,000	\$10,000,000	0.00%
Telecommunications Ad Valorem			
Tax Reduction Fund**	12,510,000	12,510,000	0.00%
Current Services (Ad Valorem)	52,100	52,100	0.00%
<b>Subtotal</b>	<b>\$22,562,100</b>	<b>22,562,100</b>	<b>0.00%</b>
<b>Grand Total</b>	<b>\$68,167,400</b>	<b>\$ 68,108,300</b>	<b>-0.09%</b>
<b>**Equalized according to a formula across the state</b>			

The budget document shows a recommended \$68,270,900 - \$162,600 more for FY 04-04. This reflects positions for use in the next fiscal period to carry out lottery-related operations. Comptroller Morgan says in the future, hopefully the lottery may pay for itself for this auditing purpose and be self sustaining.

## Personnel

Kristina Ryan

Research Analyst, Government Operations

On February 4, 2004, the Tennessee Department of Personnel appeared before the House Finance, Ways, and Means Committee to present its budget for fiscal year 2004-05. Representing the department included Commissioner Randy Camp, Deputy Commissioner Nat Johnson, Assistant Commissioner Sandy Graf, and Fiscal Officer Mark Donner.

*continued*

The recommended total budget for the department for fiscal year 2004-05 is **\$8,906,700**, **\$4,313,200** in state funds and **\$4,593,500** in other funding sources. Commissioner Camp provided an overview of the recommended budget reductions, which total **\$127,600**. There are no recommended improvements in this year's budget.

The following are specific department reductions:

<b><u>Program</u></b>	<b><u>Description</u></b>	<b><u>State</u></b>	<b><u>Total</u></b>
Training	Reduce funding for Leadership Development Initiative (LDI), a supervisory training program. This reduction will be allocated to state agencies based on previous allocations.	\$50,000	\$50,000
Administration	Reduce supply expenditures.	\$2,700	\$2,700
Title VI Compliance Commission	Reduce travel and rent.	\$12,700	\$12,700
Assistant Commissioner's Office for Human Resource Development	Reduce supplies and professional services.	\$7,000	\$7,000
Training	Reduce supplies.	\$10,000	\$10,000
Assistant Commissioner's Office for Technical Services	Reduce rent and insurance.	\$3,000	\$3,000
Research	Reduce training	\$800	\$800
Examinations	Abolish a Personnel Exam Analyst position	\$41,400	\$41,400
<b>TOTAL</b>		<b>\$127,600</b>	<b>\$127,600</b>

Committee members also discussed the state employee pay raises. According to Commissioner Camp, state employee composite salaries are considerably lower than the average of most states in the southeast.

Commissioner Camp also reported to the committee that the state has approximately 120-125 active duty servicemen that are currently deployed. Commissioner Camp verified that deployed state employees are being fully compensated for the time that they are absent.

## **General Services**

*Lawrence Hall, Jr.*

*Research Analyst, State & Local Government*

The Department of General Services presented its proposed fiscal year 2004-2005 budget to the House Finance, Ways, and Means committee last week. The department was represented by Commissioner Gwendolyn Davis who described the mission of the department to be one that is "to provide central support services to all agencies and departments in State government." The services that are provided by the Department of General Services are as follows:

- Administrative Services
- Postal Services
- Property Utilization
- Motor Vehicle Management
- Property Management
- Printing
- Purchasing
- Systems Management
- Records Management
- Central Stores (Warehousing and Office Supplies)
- Comprehensive Food Services (Cook/Chill)

The department's base budget request for fiscal year 2004-2005 is \$89,622,100.

-Administrative Services	\$ 4,260,600
-Postal Services	\$16,552,500
-Property Utilization	\$ 1,859,000
-Motor Vehicle Management	\$29,757,900
-Property Management	\$12,332,300
-Printing	\$ 4,521,300
-Purchasing	\$ 4,074,200
-Systems Management	\$ 2,298,200
-Records Management	\$ 1,270,400
-Central Stores	\$ 7,885,700
-Cook/Chill	\$ 4,810,000
Total	\$89,622,100

The department has also made a reductions of \$ 95,000. The reduction includes abolishing 2 vacant fulltime positions at \$67,300 and reducing the maintenance at the Executive Residence at \$28,200.

